Winter 2019

Strategic Framework Planning and Implementation

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An Undergraduate Honors Thesis
Submitted in Partial fulfillment of
University Honors Programs Requirements
University of Nebraska-Lincoln

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December 18, 2019

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Abstract

Strategic planning & management frameworks have no absolute rules, but most frameworks are guided by a variation on four common processes: analysis, strategy formulation, execution, and evaluation. In this research two methods for planning frameworks are presented and compared.

Key Words: strategic, planning, frameworks

Dedication

I would like to dedicate this paper to my parents, Kevin and Lynne Herr, my girlfriend Sydney Webb, and my professor Marijane E. Hancock. Without all your support, this wouldn't have been possible.

Strategic Framework Planning and Implementation:

An Analysis of the Frameworks for Strategic Planning

As far as strategic planning goes, or any type of planning for that matter, there is a typical framework outlined by four typical processes: analysis of the problem, formulation of an answer to the problem, execution of the answer, and evaluation of the answer's effectiveness. This process seems straight forward on the surface, but once one dives into solving a problem, difficulties present themselves. When analyzing the problem, one must define the problem in a way that doesn't omit potential solutions or prescribe a solution. When formulating an answer to the problem, one must first identify the criteria of a solution and constraints the organization has in its means to answer a problem. Finally, when evaluating the effectiveness of an answer, one must first decide which performance metrics to use.

"Problems that are created by our current level of thinking can't be solved by that same level of thinking" – Albert Einstein

In the Engineering college, we were taught the engineering design process. The steps of this process are very similar to those of strategic planning and are as follows: 1) Identify the problem. 2) Brainstorm solutions to the problem. 3) Select a design. 4) Build a model or prototype. 5) Test and evaluate the design. 6) Optimize the design (perhaps returning to steps 4 and 5). 7) Share the solution. We heavily focused on step number 1 because without a thorough definition of the problem, one cannot begin to formulate the correct solution. Also, it is very easy to label a problem in such a way that eliminates potential solutions. For example, let's say a client comes in wanting a more efficient mousetrap. If the problem is defined as a mechanical

problem, we would ignore the problem of why the mice are a problem in the building in the first place, when a solution could have been found that doesn't involve anything mechanical. I believe this process works the same way in the context of business strategy. If the problem isn't thoroughly analyzed, the brainstorm step in the process can be misguided into a solution that solves the wrong problem.

In the MIS Quarterly Journal, William King mentions that strategic planning is the middle ground between mission statements and system design strategies. In other words, businesses define their problem statement in the framework of their mission and vision statements, and that leads them to system objectives and constraints. "The broadest strategic planning which is done by an organization is that of its mission" (King 29). In a way, organizations themselves are an answer to one or more of society's problems. The way in which an organization describes and acts on its mission can contribute to its failure or success. I think this process mirrors the engineering design process, particularly in steps 1-3.

The last major step in this (and most other) problem solving formats is evaluation. Critical questions include "Did our solution adequately address the problem we defined?" and "Was our solution practical?" In the context of business, evaluation of a strategic plan relies heavily on metrics. Sales, revenue, profit, and financial ratios are all just a means to evaluate the performance of a strategy. There are, however, some problems with evaluating strategy using metrics. If pressure is applied to a metric, people within an organization will respond by achieving the goal within the metric, sometimes sacrificing other parts of the strategic plan where there isn't as much pressure on the metrics. "The phenomenon is best known as Goodhart's Law, after the British economist Charles Goodhart. Luis Garicano at the London School of Economics calls it the Heisenberg Principle of incentive design, after the defining

uncertainty of quantum physics: A performance metric is only useful as a performance metric as long as it isn't used as a performance metric" (Porter). In Porter's New York Times article "Grading Teachers by the Test," he also provides examples of how metric-based performance measures can be an issue. "Some hospitals in the United States, for example, will often do whatever it takes to keep patients alive at least 31 days after an operation, to beat Medicare's 30-day survival yardstick" (Porter.) Clearly, this wasn't the goal when the metric was defined, but this phenomenon should be considered when organizations standardize the use of metrics in their evaluation of strategy.

The second framework I looked at was presented in Characteristics of Useful and Practical Organizational Strategic Plans. The overall strategy is roughly the same, however the author provides a list of strategic planning imperatives. "A useful organizational strategic plan will identify, define, and justify (1) where the institution is going, (2) why it is going there, (3) how it will add value for all stakeholders, and (4) provide the criteria for effective and efficient decision-making" (Kaufman.) The focus of the other imperatives listed, mainly focus on the criteria for measuring success.

These two planning frameworks show many similarities. For example, both recognize how organizations are an answer to a societal problem. "All organizations are means to societal ends. They all compete for scarce resources in order to provide services that add measurable value to all stakeholders, including external communities and society, the organization itself, and those in the organization. What any surviving and thriving organization uses, does, produces, and delivers must add value outside of itself and thus must provide evidence of value" (Kaufman.) Also, both frameworks identify that a solution must be constantly evaluated using metrics.

The differences between the frameworks include how the problem statement is defined. Kaufman argues that a plan shouldn't change when leadership changes. However, in the first framework, King argues that the mission statement drives strategic planning, and this could change with new leadership. Another difference between the frameworks is Kaufman's insistence that "All stakeholders – internal and external representatives – are actually committed to the plan" which is a potential solution to the problem the first framework presents with using metrics as an evaluation method.

The framework represented by the adapted engineering process and King would be best suited to smaller organizations as it doesn't consider much relating to the unity of an organization behind an organizational structure. Kaufman, however, presents potential solutions to these problems and thus presents a more robust framework.

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